

Message Text

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ACTION FBO-01

INFO OCT-01 EA-07 ISO-00 /009 W
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R 190518Z NOV 73
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 9619

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FBO FOR MISFELDT AND SPICER

E.O. 11652: N/A
TAGS: ABLD,ID
SUBJ: PROPOSED PROPERTY EXCHANGE PROPERTY 11306

REF : STATE 205657

1. PRIOR TO RECEIPT OF APPRAISALS REQUESTED REF A PARA 3A, EMBOFFS WERE APPROACHED BY FONOFF REP, OUT-OF-CHANNELS, WHO STATED THAT BAPPENAS BELIEVED PRICE FOR THREE REMPOA PROJECT HOUSES EXCESSIVE "CONSIDERING VALUE TAMEN SUROPATI 2A," AND INFORMALLY ASKED IF WE WOULD ACCEPT TWO HOUSES, OR PERHAPS HOUSES IN ANOTHER LOCATION. HE REITERATED THAT ASKING PRICE OF DEVELOPER (TO TAKE EFFECT NOV 21, APPROACHING US DOLS 100,000) UNREASONABLE. WE REPLIED THAT WE UNDERTSTOOD PRESENT ASKING PRICE ON EACH APPROX US DOLS 86 THOUSAND, AND SUGGESTED THEY FURTHER DISCUSS THE MATTER WITH REMPOA PRIOR TO CONTRACTOR'S INCREASE ON NOV 21.

2. WE THEN HEARD CONFIDENTIALLY FROM INTERESTED SOURCE THAT FONOFF REP HAD CONTACTED REMPOA, IN CONJUNCTION WITH BAPPENAS REP, AND HAD INDICATED THAT GOI WILLING TO PAY US DOLS 100,000 PER HOUSE, WITH UNDERSTANDING THAT DIFFERENCE IN "REAL PRICE" BE REFUNDED TO THEM IN CASH. WE FURTHER UNDERSTAND THAT DEVELOPER'S INDONESIAN PARTNER BLUNTLY DECLINED "DEAL", STATING THAT DEVELOPER DIDN'T DO BUSINESS THAT WAY.

3. WE HAVE RECEIVED APPRAISALS AS FOLLOWS:
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A/BKV A
PT VCAOFG LIDO
BUXQAQNI AFFILIATED AMERICAN
APPRAISAL CO., INC) STATES
K#;-)73, BASED ON MARKET
DATA APPROACH, IS APPROX 75,000 RP PER SQUARE METER (APPROX
US DOLS 180), OR TOTAL FOR PGROPERY RPS 145 MILLION (US
DOLS 347,721), FOR TAMEN SUROPATI 2A.

B. SECOND APPRAISAL, DONE BY ENGINEER IWAN OF INDONESIAN
INVESTMENT AND DEVELOPMENT CORP, INDICATES PRESENT REPLACE-
MENT VALUE RPS 159,328,000 (US DOLS 382,081); PRESENT MARKET
VALUE RPS 175 MILLION (US DOLS 419,664); AND PROJECTED MARKET
VALUE FOR NOV 1974 RPS 200 MILLION (US DOLS 479,616).

ALTHOUGH BOTH APPRAISAL PRICES SEEM HIGH TO US, IN VIEW OF SALES
KNOWN TO EMBASSY, THEY ILLUSTRATIVE OF RAPID INFLATION OF PRO-
PERTY VALUES IN INDONESIA, PARTICULARLY JAKARTA.

4. COMMENT: WE DOUBT THAT GOI WILL WISH CONTINUE NEGOTIATIONS, IN
VIEW ACTIONS NOTED PARA 2 AND APPRAISAL PRICES PARA 3. WE INTEND
CONTINUE DISCUSSIONS TO DETERMINE TREND OF BAPPENAS THINKING, AND
UNLESS FBO PERCEIVES OBJECTIONS, BELIEVE TIME HAS COME TO
INTRODUCE PRINCIPLE OF THREE HOUSE TRADE, PLUS PRE-PAYMENTS OF
HAK PAKAI AND SERVICE CHARGES, PLUS CASH PAYMENT OF DIFFERENCE
BY GOI TO USG.

5. POUCHING APPRAISAL REPORTS.
GALBRAITH

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